
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
POLICY SUBCOMMITTEE
OF THE
INVESTMENT COMMITTEE**

MINUTES OF MEETING

June 15, 2011

A meeting of the Policy Subcommittee was held on Wednesday, June 15, 2011 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 10:30 a.m. and the Chair announced that the meeting would recess until the conclusion of the Board of Administration meeting. At approximately 1:30 p.m. the meeting reconvened and the following members were present:

JJ Jelincic, Chair
Richard Costigan
George Diehr
Priya Mathur

Subcommittee members excused:

Louis F. Moret, Vice Chair

Other Board members present:

John Chiang, represented by Terry McGuire
Bill Lockyer, represented by Grant Boyken

AGENDA ITEM 2 – APPROVAL OF THE APRIL 2011 MEETING MINUTES

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to approve the April 11, 2011 meeting minutes as presented.

The Committee took the following agenda item out of order.

AGENDA ITEM 4 – GLOBAL EQUITY – Revision of the Internally Managed Global Equity Index Funds Policy

Eric Baggesen, Senior Investment Officer, and Dan Bienvenue, Senior Portfolio Manager, presented the item. Michael Schlachter, Wilshire Consulting, was available via phone to answer questions.

The revisions to the Internally Managed Global Equity Index Funds Policy identify the explicit range of the predicted tracking error for the Emerging Market Small-Cap strategy within the Emerging Market Index space.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to approve the revised Internally Managed Global Equity Index Funds Policy.

AGENDA ITEM 3 – AFFILIATE FUND INVESTMENT POLICIES

Geraldine Jimenez, Division Chief, and Mary Carolan, Investment Officer, provided introductory remarks regarding the repeal of the Affiliate Funds Policy and adoption of separate policies for each of the Affiliate Funds to eliminate confusion raised by members and employers when referencing the document.

The Subcommittee provided input on the Affiliate Fund Investment Policies. Some of the issues discussed were asset allocation effective dates, inclusion of policy effective dates, consistency of policy with the total fund Asset Allocation Strategy, minor wording changes, and staff responsibilities language.

Michael Schlachter, Wilshire Consulting, was available via phone to respond to questions from the Subcommittee.

a. Repeal of the Affiliate Funds Policy

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to repeal the Affiliate Funds Policy.

b. Adoption of the California Employers' Retiree Benefit Trust (CERBT) Policy

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to adopt the California Employers' Retiree Benefit Trust (CERBT) Policy, as amended.

c. Adoption of the Judges' Retirement System II (JRS II) Policy

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to adopt the Judges' Retirement System II (JRS II) Policy, as amended.

d. Adoption of the Legislators' Retirement System (LRS) Policy

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to adopt the Legislators' Retirement System (LRS) Policy, as amended.

e. Adoption of the Long-Term Care Fund Policy

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee to adopt the Long-Term Care Fund Policy, as amended.

AGENDA ITEM 5 – REAL ASSETS – Revision of the Infrastructure Program Policy

Randall Mullan, Senior Portfolio Manager, and Christine Yokan, Portfolio Manager, presented recommended revisions to the Infrastructure Program component of the Real Assets Policy. Staff provided a summary of the proposed additions or changes.

The Subcommittee provided input on the Infrastructure Program Policy. Some of the issues discussed were glossary terms, minor wording changes, internal procedure manuals, and staff responsibilities language.

Chris Tehranian, Meketa, and Michael Schlachter, Wilshire Consulting, were available via phone to answer questions.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED** to recommend to the Investment Committee to approve the revised the Infrastructure Program Policy, as amended.

AGENDA ITEM 6 – Adoption of the Role of Private Asset Class Board Investment Consultants Policy (Second Reading)

Janine Guillot, Chief Operating Investment Officer, presented the second reading of the Role of Private Asset Class Board Investment Consultants Policy.

The Subcommittee provided input to staff responsibilities language, performance reporting and minor wording changes.

Michael Schlachter, Wilshire Consulting, David Glickman, PCA-RE, and Chris Tehranian, Meketa, were available via phone to answer questions.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED** to recommend to the Investment Committee to adopt the Role of Private Asset Class Board Investment Consultants Policy (Second Reading), as amended.

AGENDA ITEM 7 – AGENDA AND CALENDAR

The Subcommittee accepted the draft August 15, 2011 agenda and the Rolling Annual Agenda Item Calendar.

AGENDA ITEM 8 – PUBLIC COMMENT

There were no public comments.

The meeting was adjourned at approximately 2:20 p.m.

The next Subcommittee meeting is scheduled for August 15, 2011 at a time to be determined in Sacramento, California.